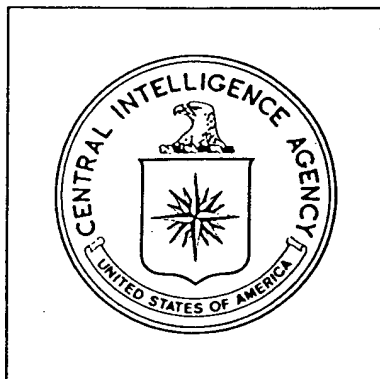
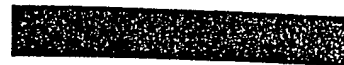


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1998

Soviet Union-Eastern Europe

SECRET NOTES

187

October 7, 1976

SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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USSR - West Germany

The Soviets have reacted with predictable satisfaction to the narrow victory of the West German ruling coalition. No authoritative commentary has yet appeared, but the general media line is that the outcome is not simply a Social Democratic - Free Democratic victory, but a victory for the policy of European detente.

The Soviets, however, have reason to be unhappy with the narrowness of the coalition's victory. Soviet diplomats expressed concern before the election that a shift to the right with a razor-thin majority for the coalition would increase the leverage of the Free Democrats and their leader, Foreign Minister Genscher, whom Moscow does not like. Another concern is the durability of the coalition. Although Genscher's pledge to remain in coalition with the Social Democrats received extensive publicity both before and after the elections, the Soviets are aware of the Free Democrats' long history of cooperation with the Christian Democrats before they entered into their present partnership. To appeal to the business interests that traditionally back the Free Democrats, the Soviets, in one of their first commentaries, stressed the "mutually beneficial" business cooperation that has marked the coalition's tenure and held out the prospect of the "capacious" Soviet market absorbing new, large consignments of West German manufactures in exchange for fuel and raw materials.

Looking beyond the immediate outcome of the election, the Soviets have returned to their theme that they will do "everything" to deepen detente and implement cooperation with the West Germans. One vehicle to achieve this is the Brezhnev visit. Before the election the West Germans were, without Soviet contradiction, conveying the impression that the visit would take place "as quickly as possible after the elections," and at the latest by early

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December. Now, however, both sides are taking a more relaxed view and see a visit occurring sometime early next year. Among the delaying factors are Brezhnev's crowded schedule, lack of preparation for the visit, and the gaps still existing between Soviet and West German positions on a number of agreements affecting West Berlin. (~~SECRET~~)

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Party Prods Economic Managers

On several recent occasions, party organizations have prodded the government's economic apparatus. This suggests that pressure for some changes in economic planning and management is growing, but not necessarily that it will bring results in the near future. Kosygin's illness may have encouraged the relative boldness on the part of some party officials.

Belorussian Gosplan Criticized

On August 31, the Belorussian Central Committee discussed in critical terms the work of the republic's Gosplan. The subject is unusual for a plenum, and the sensitivity of the Central Committee's action is betrayed by press reporting on the meeting. On September 1, *Sovetskaya Belorussiya* published only a simple communique on the plenum's actions and speakers. The next day, *Pravda* carried a correspondents' report on the discussion of Gosplan at the plenum. *Sovetskaya Belorussiya* did not carry a description of the discussion until September 7, and then in the form of an editorial leader. Speakers at the meeting included Petr Masherov, candidate member of the Politburo and Belorussian first secretary; A. A. Smirnov, Belorussian party secretary; and M. G. Pervukhin, chief of Gosplan's department for territorial planning and the location of production forces.

According to the articles, Belorussian Gosplan was criticized for its slow progress in overcoming a host of economic problems including the quality of production and output, fulfillment of plans and contracts according to assortment, capital construction, and the introduction of new technology in production. The articles stressed the need to pursue a complex approach to planning, combine sectoral and territorial principles of planning, and rectify imbalances within and between sectors. Gosplan workers were criticized for their statistical approach and for failing to

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employ scientific methods, including mathematical-economic techniques. A major accomplishment attributed to Belorussian Gosplan--formulating the basic directions of the republic's economic development up to 1990--is a task that USSR Gosplan has not accomplished on a national scale.

Masherov's hostility toward Gosplan was revealed at the Party Congress last February, when he said that the problems of intersectoral relations "exceed the potential of USSR Gosplan and USSR Gosstnab." He proposed that subdivisions be created under the USSR Council of Ministers to administer intersectoral processes.

The articles on the Belorussian plenum did not reveal any significant proposals, such as Masherov made at the Congress. This is undoubtedly because Moscow has not passed on any new measures. The plenum called for improved use of economic indices and levers. Attention was called to the experiment in the Belorussian construction industry. It was also decided to establish a republic commission on the quality of production. This will apparently be a party commission since such commissions are to be attached to party committees at the oblast, city, and rayon level.

Change in Planning Pressed

A more specific proposal for changing the planning system was put forward in *Pravda* on September 19 by N. F. Lobachev, deputy chief of the Central Committee's planning and finance organs department. Lobachev declares that "the economic mechanism underlying planning" is causing an "alienation of interests" among economic units and "undoubtedly needs to be changed." He writes that "the time has come to abandon planning according to the value of output sold" and to make the fulfillment of deliveries according to contracts and orders the basic criterion for evaluating enterprises and associations. Incentive funds would be made dependent on this indicator. Ministries and Gosplan, however, would continue to use value and physical terms in planning and evaluation.

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Under this system, economic contracts and direct, long-term economic ties between enterprises would become the basis for planning. Lobachev cites the draft five-year plan on enhancing "the role of consumer enterprises in shaping production plans."

According to Lobachev, this system was proposed two years ago, but "to this day some industrial ministries for various reasons take exception to this approach." He notes that some think it "would weaken centralized planning" and calls this idea unfounded.

Lobachev, who has some career ties to Brezhnev, put forward the same proposals in *Kommunist* No. 16, November 1975. That article was footnoted, however, with the notation that "a number of matters raised in this article are in the nature of statements of questions." The present article carries no caveats, and its publication in *Pravda* gives an added sense of immediacy to the issue.

Masherov

Lobachev also recommends the experiment in the Belorussian Ministry of Industrial Construction. Here finished projects (analogous to fulfillment of deliveries) has become the main criterion for evaluation. The ministry has been shifted to full cost accounting so that its activities and even investments are financed by its own profits and by credits. The cost accounting aspect follows the celebrated experiment of the Ministry of Instrument Making. Despite plans by Gosplan to extend the Ministry of Instrument Making's experiment to other ministries, no progress has occurred, except for the example in Belorussia. Masherov displayed his backing for the experiment in a speech to the Belorussian Central Committee and a visit to the republic ministry in the summer of 1975.

Masherov's sallies against Gosplan and the experiment in the construction industry are giving him a distinctive record concerning economic policy.

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This recalls how Leningrad party chief Romanov established a political reputation by pushing various economic schemes. Criticism of Gosplan must be regarded as anti-Kosygin. A question remains about the position of First Deputy Premier Mazurov, who rose in the Belorussian party organization just ahead of Masherov. His past support for a system approach to economic management indicates that he might agree with some of Masherov's ideas. On the other hand, Mazurov has been Kosygin's deputy for over 11 years and cannot entirely disassociate himself from the present economic regime. (UNCLASSIFIED)

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PUBLICATION OF INTEREST

Appearances of Soviet Leaders, January-June 1976,
September 1976, UNCLASSIFIED. This publication provides a record of the known public appearances of selected Soviet leaders. Coverage includes members of the CPSU Politburo and Secretariat, deputy chairmen of the USSR Council of Ministers, and leading officials of the Ministry of Defense. Appearances of Soviet Leaders is issued semi-annually and is cumulative within each calendar year.

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